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 McDONALD, CYNTHIA H. MILLIGAN, NICHOLAS G.  
 MOORE, PHILIP J. QUIGLEY, JUDITH M. RUNSTAD,  
 STEPHEN W. SANGER and SUSAN G. SWENSON

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

PIRELLI ARMSTRONG TIRE  
 CORPORATION RETIREE MEDICAL  
 BENEFITS TRUST, et al., Derivatively on  
 Behalf of WELLS FARGO COMPANY,

Plaintiff,

v.

JOHN G. STUMPF, HOWARD I. ATKINS,  
 JOHN D. BAKER II, JOHN S. CHEN, LLOYD  
 H. DEAN, SUSAN E. ENGEL, ENRIQUE  
 HERNANDEZ, JR., DONALD M. JAMES,  
 RICHARD D. McCORMICK, MACKEY J.  
 McDONALD, CYNTHIA H. MILLIGAN,  
 NICHOLAS G. MOORE, PHILIP J. QUIGLEY,  
 JUDITH M. RUNSTAD, STEPHEN W.  
 SANGER and SUSAN G. SWENSON,

Defendants.

and

WELLS FARGO & COMPANY, a Delaware  
 corporation,

Nominal Defendant.

Case No. CV 11 2369 SI

Action Filed: May 13, 2011

**INDIVIDUAL DEFENDANTS'  
 ANSWER TO AMENDED VERIFIED  
 SHAREHOLDER DERIVATIVE  
 COMPLAINT FOR BREACH OF  
 FIDUCIARY DUTY**

Defendants John G. Stumpf, Howard I. Atkins, John D. Baker II, John S. Chen, Lloyd H. Dean, Susan E. Engel, Enrique Hernandez, Jr., Donald M. James, Richard D. McCormick, Mackey J. McDonald, Cynthia H. Milligan, Nicholas G. Moore, Philip J. Quigley, Judith M. Runstad, Stephen W. Sanger and Susan G. Swenson (collectively, "Individual Defendants"), through their undersigned counsel, hereby submit their Answer and Affirmative Defenses to the Amended Verified Shareholder Derivative Complaint For Breach of Fiduciary Duty ("Amended Complaint"). The Individual Defendants deny each allegation of the Amended Complaint except those expressly admitted below:

1. The Individual Defendants deny the allegation that this action is against the entire Board of Directors for Wells Fargo & Company ("Wells Fargo"). The Individual Defendants otherwise admit the allegations in Paragraph 1.

2. Denied.

3. Denied.

4. Denied.

5. The Individual Defendants admit the Financial Crisis Inquiry Commission issued a report entitled "Financial Crisis Inquiry Report," whose contents speak for itself. The Individual Defendants otherwise deny the allegations of Paragraph 5.

6. The Individual Defendants lack knowledge and information sufficient to form a belief as to the allegations in Paragraph 6, and on that basis denies them.

7. The Individual Defendants lack knowledge and information sufficient to form a belief as to the allegations in Paragraph 7, and on that basis deny them.

8. Paragraph 8 states legal conclusions to which no response is required. To the extent a response is required, the Individual Defendants lack knowledge and information sufficient to form a belief as to the allegations in Paragraph 8, and on that basis deny them.

9. Paragraph 9 states legal conclusions to which no response is required. To the extent a response is required, the Individual Defendants lack knowledge and information sufficient to form a belief as to the allegations in Paragraph 9, and on that basis deny them.

1           10.     The Individual Defendants lack knowledge and information sufficient to form a  
2 belief as to the allegations in Paragraph 10, and on that basis deny them.

3           11.     The Individual Defendants admit the Wall Street Journal published an article entitled  
4 “GMAC Spotlight on the ‘Robo-Signer’” on September 22, 2010, which speaks for itself.

5           12.     The Individual Defendants lack knowledge and information sufficient to form a  
6 belief as to the allegations in Paragraph 12, and on that basis deny them.

7           13.     The Individual Defendants admit that Wells Fargo issued a press release on October  
8 12, 2010 which speaks for itself as to its contents. The Individual Defendants otherwise deny the  
9 allegations in Paragraph 13.

10          14.     The Individual Defendants admit the National Association of Attorneys General and  
11 Mortgage Foreclosure Multistate Group issued a statement on October 13, 2010, which speaks for  
12 itself.

13          15.     The Individual Defendants admit that FT.com published an article entitled “Spotlight  
14 falls on Wells foreclosure procedures” on October 14, 2010 which speaks for itself as to its  
15 contents.

16          16.     The Individual Defendants admit that Messrs. Stumpf and Atkins participated in a  
17 call with analysts on October 20, 2010 to discuss Wells Fargo’s earnings for the third quarter of  
18 2010. The transcript of the call speaks for itself. The Individual Defendants otherwise deny the  
19 allegations in Paragraph 16.

20          17.     The Individual Defendants admit that Wells Fargo issued a news release entitled  
21 “Wells Fargo Provides Update on Foreclosure Affidavits And Mortgage Securitizations” on  
22 October 27, 2010 which speaks for itself as to its contents. The Individual Defendants deny that the  
23 original news release contained the bolded or italicized lettering in Paragraph 17. Paragraph 17  
24 otherwise states legal conclusions to which no response is required. To the extent a response is  
25 required, the Individual Defendants deny the allegations in Paragraph 17.

26          18.     The Individual Defendants admit that an individual purporting to be John Liu sent a  
27 letter dated November 9, 2010 to Wells Fargo’s Corporate Secretary. The contents of the letter  
28 speak for itself. The Individual Defendants otherwise deny the allegations in Paragraph 18.

1           19.     The Individual Defendants admit that an individual purporting to act on behalf of the  
2 American Federal of Labor and Congress of Industrial Organizations (“AFL-CIO”) wrote to Wells  
3 Fargo in a letter dated November 10, 2010 which speaks for itself as to its contents. The Individual  
4 Defendants otherwise deny the allegations in Paragraph 19.

5           20.     The Individual Defendants admit the New York City Office of the Comptroller  
6 issued a news release entitled “\$432 Billion Pension Fund Coalition Demands Bank Directors  
7 Immediately Examine Foreclosure Practices” which speaks for itself as to its contents. The  
8 Individual Defendants otherwise deny the allegations in Paragraph 20.

9           21.     The Individual Defendants admit that Wells Fargo filed a Form 10-K with the  
10 Securities and Exchange Commission (“SEC”) on February 25, 2011 which speaks for itself as to  
11 its contents. Paragraph 21 otherwise states legal conclusions to which no response is required. To  
12 the extent a response is required, the Individual Defendants deny the allegations in Paragraph 21.

13           22.     The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
14 SEC on March 21, 2011 which speaks for itself as to its contents. The Individual Defendants  
15 otherwise deny the allegations in Paragraph 22.

16           23.     The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
17 the Comptroller of Currency of the United States of America on March 31, 2011, and a Consent  
18 Order with the Board of Governors of the Federal Reserve System on April 13, 2011 which speak  
19 for themselves as to their contents. Paragraph 23 otherwise states legal conclusions to which no  
20 response is required. To the extent a response is required, the Individual Defendants deny the  
21 allegations in Paragraph 23.

22           24.     The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
23 on May 6, 2011 which speaks for itself as to its contents. Paragraph 24 otherwise states legal  
24 conclusions to which no response is required. To the extent a response is required, the Individual  
25 Defendants deny the allegations in Paragraph 24.

26           25.     The Individual Defendants admit that Plaintiff purports to establish diversity  
27 jurisdiction, but otherwise have insufficient information to admit or deny the citizenship of Plaintiff.  
28

1           26. Paragraph 26 states a legal conclusion to which no response is required. To the  
2 extent a response is required, the Individual Defendants lack knowledge and information sufficient  
3 to form a belief as to the allegations in Paragraph 26, and on that basis denies them.

4           27. Paragraph 27 states a legal conclusion to which no response is required. To the  
5 extent a response is required, the Individual Defendants acknowledge that they are not challenging  
6 the Court's jurisdiction over them with respect to this action.

7           28. The Individual Defendants admit that Wells Fargo is headquartered in San Francisco,  
8 California. The remainder of Paragraph 28 states legal conclusions to which no response is  
9 required. To the extent a response is required, the Individual Defendants acknowledge that they are  
10 not challenging the Court's venue in this action.

11           29. The Individual Defendants lack knowledge and information sufficient to form a  
12 belief as to the allegations in Paragraph 29, and on that basis denies them.

13           30. The Individual Defendants lack knowledge and information sufficient to form a  
14 belief as to the allegations in Paragraph 30, and on that basis denies them.

15           31. Admitted.

16           32. The Individual Defendants admit that John G. Stumpf has served as CEO of Wells  
17 Fargo since 2007, as a director since 2006, President since 2005, held a variety of other positions  
18 prior to that time and has received proper compensation for his service in these positions. The  
19 Individual Defendants otherwise deny the allegations in Paragraph 32.

20           33. The Individual Defendants admit that Howard I. Atkins served as Chief Financial  
21 Officer of Wells Fargo from approximately 2001 to 2011, and received proper compensation for his  
22 service in this position. The Individual Defendants also admit that Wells Fargo filed a Form 8-K  
23 with the SEC on February 9, 2011 which speaks for itself as to its contents. The Individual  
24 Defendants otherwise deny the allegations in Paragraph 33.

25           34. The Individual Defendants admit that John D. Baker III has served as a Wells Fargo  
26 director since 2009; currently serves on the Audit and Examination, Corporate Responsibility, and  
27 Credit Committees; and has received ordinary and usual fees for his service to the Company. The  
28 Individual Defendants otherwise deny the allegations of Paragraph 34.

1           35.     The Individual Defendants admit that John S. Chen has served as a Wells Fargo  
2 director since 2006 and has received ordinary and usual fees for his service to the Company. The  
3 Individual Defendants otherwise deny the allegations of Paragraph 35.

4           36.     The Individual Defendants admit that Lloyd H. Dean has served as a Wells Fargo  
5 director since 2005; currently serves on the Audit and Examination, Corporate Responsibility, Risk,  
6 and Credit Committees; and has received ordinary and usual fees for his service to the Company.  
7 The Individual Defendants otherwise deny the allegations of Paragraph 36.

8           37.     The Individual Defendants admit that Susan E. Engel has served as a Wells Fargo  
9 director since 1998; currently serves on the Credit and Finance Committees, and has received  
10 ordinary and usual fees for her service to the Company. The Individual Defendants otherwise deny  
11 the allegations of Paragraph 37.

12           38.     The Individual Defendants admit that Enrique Hernandez, has served as a Wells  
13 Fargo director since 2003; currently serves on the Audit and Examination, Corporate  
14 Responsibility, Finance and Risk Committees; and has received ordinary and usual fees for his  
15 service to the Company. The Individual Defendants otherwise deny the allegations of Paragraph 38

16           39.     The Individual Defendants admit that Donald M. James has served as a Wells Fargo  
17 director since 2009; currently serves on the Finance Committee, and has received ordinary and  
18 usual fees for his service to the Company. The Individual Defendants otherwise deny the  
19 allegations of Paragraph 39.

20           40.     The Individual Defendants admit that Richard D. McCormick served as a Wells  
21 Fargo director from 1983 to 2011 and received ordinary and usual fees for his service to the  
22 Company. The Individual Defendants otherwise deny the allegations of Paragraph 40.

23           41.     The Individual Defendants admit that Mackey J. McDonald has served as a Wells  
24 Fargo director since 2009; currently serves on the Governance and Nominating Committee, and has  
25 received ordinary and usual fees for his service to the Company. The Individual Defendants  
26 otherwise deny the allegations of Paragraph 41.

27           42.     The Individual Defendants admit that Cynthia H. Milligan has served as a Wells  
28 Fargo director since 1992; currently serves on the Corporate Responsibility, Credit, Governance and

1 Nominating, and Risk Committees; and has received ordinary and usual fees for her service to the  
2 Company. The Individual Defendants otherwise deny the allegations of Paragraph 42.

3 43. The Individual Defendants admit that Nicholas G. Moore has served as a Wells  
4 Fargo director since 2006; currently serves on the Audit and Examination, Risk, and Credit  
5 Committees; and has received ordinary and usual fees for his service to the Company. The  
6 Individual Defendants otherwise deny the allegations of Paragraph 43.

7 44. The Individual Defendants admit that Philip J. Quigley has served as a Wells Fargo  
8 director since 1994; currently serves on the Audit and Examination, Governance and Nominating,  
9 and Risk Committees; and has received ordinary and usual fees for his service to the Company.  
10 The Individual Defendants otherwise deny the allegations of Paragraph 44.

11 45. The Individual Defendants admit that Judith M. Runstand has served as a Wells  
12 Fargo director since 1998; currently serves on the Corporate Responsibility, Credit, and Finance  
13 Committees; and has received ordinary and usual fees for her service to the Company. The  
14 Individual Defendants otherwise deny the allegations of Paragraph 45.

15 46. The Individual Defendants admit that Stephen W. Sanger has served as a Wells  
16 Fargo director since 2003; currently serves on the Governance and Nominating and Risk  
17 Committees, and has received ordinary and usual fees for his service to the Company. The  
18 Individual Defendants otherwise deny the allegations of Paragraph 46.

19 47. The Individual Defendants admit that Susan G. Swenson has served as a Wells Fargo  
20 director since 1994; currently serves on the Audit and Examination and Governance and  
21 Nominating Committees; and has received ordinary and usual fees for her service to the Company.  
22 The Individual Defendants otherwise deny the allegations of Paragraph 47.

23 48. Paragraph 48 states legal conclusions to which no response is required. To the extent  
24 a factual response is required, the Individual Defendants deny the allegations in Paragraph 48.

25 49. Paragraph 49 states legal conclusions to which no response is required. To the extent  
26 a factual response is required, the Individual Defendants deny the allegations of Paragraph 49.

27 50. The Individual Defendants lack knowledge and information sufficient to form a  
28 belief as to the allegations in Paragraph 50, and on that basis deny them.

1           51.     The Individual Defendants lack knowledge and information sufficient to form a  
2 belief as to the allegations in Paragraph 51, and on that basis deny them.

3           52.     The Individual Defendants lack knowledge and information sufficient to form a  
4 belief as to the allegations in Paragraph 52, and on that basis deny them.

5           53.     The Individual Defendants lack knowledge and information sufficient to form a  
6 belief as to the allegations in Paragraph 53, and on that basis deny them.

7           54.     The Individual Defendants admit that an individual purporting to be John Liu sent a  
8 letter dated November 9, 2010 to Wells Fargo's Corporate Secretary which speaks for itself as to its  
9 contents. The Individual Defendants otherwise deny the allegations in Paragraph 54.

10          55.     The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
11 SEC on March 21, 2011 which speaks for itself as to its contents. The Individual Defendants  
12 otherwise deny the allegations in Paragraph 55.

13          56.     Paragraph 56 states legal conclusions to which no response is required. To the extent  
14 a response is required, the Individual Defendants deny the allegations and specifically deny that  
15 they have in any respect violated any of their fiduciary duties.

16          57.     Paragraph 57 states legal conclusions to which no response is required. To the extent  
17 a response is required, the Individual Defendants deny the allegations and specifically deny that  
18 they have in any respect violated any of their fiduciary duties.

19          58.     Paragraph 58 states legal conclusions to which no response is required.

20          59.     Paragraph 59 states legal conclusions to which no response is required. To the extent  
21 a response is required, the Individual Defendants deny the allegations and specifically deny that  
22 they have in any respect violated any of their fiduciary duties.

23          60.     Paragraph 60 states legal conclusions to which no response is required. To the extent  
24 a response is required, the Individual Defendants deny the allegations and specifically deny that  
25 they have in any respect violated any of their fiduciary duties.

26          61.     Paragraph 61 states legal conclusions to which no response is required. To the extent  
27 a response is required, the Individual Defendants deny the allegations in Paragraph 61.  
28



1           62. Paragraph 62 states legal conclusions to which no response is required. To the extent  
2 a response is required, the Individual Defendants deny the allegations and specifically deny that  
3 they have in any respect violated any of their fiduciary duties.

4           63. Admitted.

5           64. The Individual Defendants admit that Wells Fargo has Corporate Governance  
6 Guidelines which speak for themselves as to their contents. The Individual Defendants deny that  
7 the original document contains bolded or italicized text as indicated in Paragraph 64.

8           65. The Individual Defendants admit that Wells Fargo has a Team Member Code of  
9 Ethics and Business Conduct which speaks for itself as to its contents. The Individual Defendants  
10 deny that original document contains bolded or italicized text as indicated in Paragraph 65.

11           66. The Individual Defendants admit only that they sat on certain committees of the  
12 Board of Directors and otherwise deny the allegations in Paragraph 66.

13           67. The Individual Defendants admit that Wells Fargo has an Audit and Examination  
14 Committee Charter which speaks for itself as to its contents. The Individual Defendants otherwise  
15 deny the allegations in Paragraph 67.

16           68. The Individual Defendants admit that Wells Fargo has a Corporate Responsibility  
17 Committee Charter which speaks for itself as to its contents. The Individual Defendants otherwise  
18 deny the allegations in Paragraph 68.

19           69. The Individual Defendants admit that Wells Fargo has a Credit Committee Charter  
20 which speaks for itself as to its contents. The Individual Defendants otherwise deny the allegations  
21 in Paragraph 69.

22           70. The Individual Defendants admit that Wells Fargo has a Finance Committee Charter  
23 which speaks for itself as to its contents. The Individual Defendants otherwise deny the allegations  
24 in Paragraph 70.

25           71. The Individual Defendants admit that Wells Fargo has a Governance and  
26 Nominating Committee Charter which speaks for itself as to its contents. The Individual  
27 Defendants otherwise deny the allegations in Paragraph 71.  
28

1           72.     The Individual Defendants admit that Wells Fargo has a Risk Committee Charter  
2 which speaks for itself as to its contents. Paragraph 72 states legal conclusions to which no  
3 response is required. To the extent a response is required, the Individual Defendants deny the  
4 allegations in Paragraph 72.

5           73.     Denied.

6           74.     The Individual Defendants admit that Wells Fargo instituted home foreclosure  
7 processes. The Individual Defendants deny the remaining allegations in Paragraph 74.

8           75.     Denied.

9           76.     Paragraph 76 states legal conclusions to which no response is required. To the extent  
10 a response is required, the Individual Defendants lack knowledge and information sufficient to form  
11 a belief as to the allegations in Paragraph 76, and on that basis denies them.

12          77.     The Individual Defendants admit that Mr. Atkins participated in a conference call  
13 with analysts on October 20, 2010 and made statements that speak for themselves. The Individual  
14 Defendants deny the remaining allegations in Paragraph 77.

15          78.     The Individual Defendants lack knowledge and information sufficient to form a  
16 belief as to the allegations in Paragraph 78, and on that basis denies them.

17          79.     The Individual Defendants lack knowledge and information sufficient to form a  
18 belief as to the allegations in Paragraph 79, and on that basis denies them.

19          80.     The Individual Defendants lack knowledge and information sufficient to form a  
20 belief as to the allegations in Paragraph 80, and on that basis denies them.

21          81.     The Individual Defendants lack knowledge and information sufficient to form a  
22 belief as to the allegations in Paragraph 81, and on that basis denies them.

23          82.     Paragraph 82 states legal conclusions to which no response is required. To the extent  
24 a response is required, the Individual Defendants lack knowledge and information sufficient to form  
25 a belief as to the allegations in Paragraph 82, and on that basis denies them.

26          83.     The Individual Defendants admit that Xee Mou provided deposition testimony on  
27 March 9, 2010 in the case of *Wells Fargo Bank, NA v. John P. Stipek, et al.*, and that the certified  
28

1 transcript contains an account of her testimony. The Individual Defendants otherwise deny the  
2 allegations in Paragraph 83.

3 84. The Individual Defendants admit that Xee Mou provided deposition testimony on  
4 March 9, 2010 in the case of *Wells Fargo Bank, NA v. John P. Stipek, et al*, and that the certified  
5 transcript contains an account of her testimony. The Individual Defendants otherwise deny the  
6 allegations in Paragraph 84.

7 85. The Individual Defendants admit that Xee Mou provided deposition testimony on  
8 March 9, 2010 in the case of *Wells Fargo Bank, N.A. v. John P. Stipek, et al*, and that the certified  
9 transcript contains an account of her testimony. The Individual Defendants otherwise deny the  
10 allegations in Paragraph 85.

11 86. The Individual Defendants lack knowledge and information sufficient to form a  
12 belief as to the allegations in Paragraph 86, and on that basis denies them.

13 87. The Individual Defendants admit that John Kennerty provided deposition testimony  
14 on May 20, 2010 in the case of *Geline v. Northwest Trustee Services, et. al*, and that the certified  
15 transcript contains an account of his testimony. The Individual Defendants otherwise deny the  
16 allegations in Paragraph 87.

17 88. The Individual Defendants admit that Stanley Silva provided deposition testimony  
18 on January 4, 2011 in the case of *Jones v. Wells Fargo Bank, N.A., et al*, and that the certified  
19 transcript contains an account of his testimony. The Individual Defendants otherwise deny the  
20 allegations in Paragraph 88.

21 89. The Individual Defendants lack knowledge and information sufficient to form a  
22 belief as to the allegations in Paragraph 89, and on that basis denies them.

23 90. The Individual Defendants lack knowledge and information sufficient to form a  
24 belief as to the allegations in Paragraph 90, and on that basis denies them.

25 91. Paragraph 91 states legal conclusions to which no response is required. To the extent  
26 a response is required, the Individual Defendants lack knowledge and information sufficient to form  
27 a belief as to the allegations in Paragraph 91, and on that basis denies them.  
28

1           92. Paragraph 92 states legal conclusions to which no response is required. To the extent  
2 a response is required, the Individual Defendants deny the allegations in Paragraph 92.

3           93. Paragraph 93 states legal conclusions to which no response is required. To the extent  
4 a response is required, the Individual Defendants deny the allegations in Paragraph 93

5           94. The Individual Defendants deny that the Amended Complaint quotes the “relevant  
6 part” of an April 21, 2010 Wells Fargo news release. The Individual Defendants otherwise admit  
7 the allegations in Paragraph 94.

8           95. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
9 on May 7, 2010 which speaks for itself as to its contents. The Individual Defendants deny that the  
10 original document contains bolded or italicized text as indicated in Paragraph 95.

11           96. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
12 on May 7, 2010 which speaks for itself as to its contents. The Individual Defendants deny that the  
13 original document contains bolded or italicized text as indicated in Paragraph 96.

14           97. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
15 on May 7, 2010 which speaks for itself as to its contents. The Individual Defendants deny that the  
16 original document contains bolded or italicized text as indicated in Paragraph 97.

17           98. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
18 on May 7, 2010 which speaks for itself as to its contents. The Individual Defendants lack  
19 knowledge and information sufficient to form a belief as to allegations in Paragraph 98, and on that  
20 basis deny them.

21           99. The Individual Defendants admit that Wells Fargo issued a news release entitled  
22 “Wells Fargo Reports Net Income of \$3.06 Billion; Up 20% From Prior Quarter” on July 21, 2010  
23 which speaks for itself as to its contents. The Individual Defendants deny the original document  
24 contains bolded or italicized text as indicated in Paragraph 99. Paragraph 99 otherwise states legal  
25 conclusions to which no response is required. To the extent a response is required, the Individual  
26 Defendants deny the allegations in Paragraph 99

27           100. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
28 on August 9, 2010 which speaks for itself as to its contents. The Individual Defendants deny the

1 original document contains bolded or italicized text as indicated in Paragraph 100. Paragraph 100  
2 otherwise states legal conclusions to which no response is required. To the extent a response is  
3 required, the Individual Defendants deny the allegations in Paragraph 100.

4 101. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
5 on August 9, 2010 which speaks for itself as to its contents. The Individual Defendants otherwise  
6 deny the original document contains bolded or italicized text as indicated in Paragraph 97.

7 102. The Individual Defendants admit the Wall Street Journal published an article entitled  
8 "GMAC Spotlight on the 'Robo-Signer'" on September 22, 2010 which speaks for itself as to its  
9 contents. The Individual Defendants deny the original document contains bolded or italicized text  
10 as indicated in Paragraph 102. The Individual Defendants otherwise deny the allegations in  
11 Paragraph 102.

12 103. The Individual Defendants lack knowledge and information sufficient to form a  
13 belief as to the allegations in Paragraph 103, and on that basis denies them.

14 104. The Individual Defendants admit that dailyfinance.com published an article entitled  
15 "Robo-signing: Documents Show Citi and Wells Fargo Also Committed Foreclosure Fraud" on  
16 October 2, 2010 which speaks for itself as to its contents. The Individual Defendants deny the  
17 original document contains bolded or italicized text as indicated in Paragraph 104. The Individual  
18 Defendants otherwise deny the allegations in Paragraph 104.

19 105. The Individual Defendants admit that a letter was sent from the Office of the  
20 Attorney General of the State of North Carolina to James Strother, General Counsel to Wells Fargo,  
21 dated October 5, 2010 which speaks for itself as to its contents. The Individual Defendants deny  
22 that the quoted passages contained bolded or italicized lettering in the letter. The Individual  
23 Defendants otherwise deny the allegations in Paragraph 105.

24 106. With respect to the first sentence in Paragraph 106, the Individual Defendants admit  
25 that a letter was sent from the Office of the Attorney General of the State of North Carolina to  
26 James Strother, General Counsel to Wells Fargo, dated October 5, 2010 which speaks for itself as to  
27 its contents. The Individual Defendants lack knowledge and information sufficient to form a belief  
28

1 as to the allegations in the second sentence Paragraph 106 and on that basis deny it. The Individual  
2 Defendants otherwise deny the allegations in Paragraph 106.

3 107. The Individual Defendants admit that Wells Fargo issued a news release entitled  
4 “Wells Fargo Affirms Affidavit Accuracy” on October 12, 2010 which speaks for itself as to its  
5 contents. The Individual Defendants deny the original document contains bolded or italicized text  
6 as indicated in Paragraph 107. The Individual Defendants otherwise lack knowledge and  
7 information sufficient to form a belief as to the allegations in Paragraph 107, and on that basis  
8 denies them.

9 108. The Individual Defendants admit the Star Tribune published an article entitled  
10 “Rapid-fire foreclosures alleged at Wells Fargo” on October 13, 2010 which speaks for itself as to  
11 its contents. The Individual Defendants deny the original document contains bolded or italicized  
12 text as indicated in Paragraph 108. Paragraph 108 otherwise states legal conclusions to which no  
13 response is required. To the extent a response is required, the Individual Defendants deny the  
14 allegations in Paragraph 108.

15 109. The Individual Defendants admit that FT.com published an article entitled “Spotlight  
16 falls on Well foreclosure procedures” on October 14, 2010 which speaks for itself as to its contents.  
17 The Individual Defendants deny the original document contains bolded or italicized text as  
18 indicated in Paragraph 109.

19 110. The Individual Defendants admit that Wells Fargo issued a news release entitled  
20 “Wells Fargo Reports Record Net Income” on October 20, 2010 which speaks for itself as to its  
21 contents. The Individual Defendants deny the original document contains bolded or italicized text  
22 as indicated in Paragraph 110. The Individual Defendants otherwise deny the allegations in  
23 Paragraph 110.

24 111. The Individual Defendants admit that Messrs. Stumpf and Atkins participated in a  
25 call with analysts on October 20, 2010 to discuss Wells Fargo’s earnings for the third quarter of  
26 2010 and that the transcript of such call speaks for itself as to its contents. The Individual  
27 Defendants otherwise deny the allegations in Paragraph 111.  
28

1           112. The Individual Defendants admit that Messrs. Stumpf and Atkins participated in a  
2 call with analysts on October 20, 2010 to discuss Wells Fargo's earnings for the third quarter of  
3 2010 and that the transcript of such call speaks for itself as to its contents. The Individual  
4 Defendants otherwise deny the allegations in Paragraph 112.

5           113. The Individual Defendants admit that Wells Fargo issued a document entitled "3Q10  
6 Quarterly Supplement" dated October 20, 2010 which speaks for itself as to its contents. The  
7 Individual Defendants deny the original document contains bolded or italicized text as indicated in  
8 Paragraph 113. The Individual Defendants otherwise deny the allegations in Paragraph 113.

9           114. The Individual Defendants admit that Wells Fargo issued a press release entitled  
10 "Wells Fargo Provides Update on Foreclosure Affidavits And Mortgage Securitizations" on  
11 October 27, 2010 which speaks for itself as to its contents. The Individual Defendants deny the  
12 original document contains bolded or italicized text as indicated in Paragraph 114. Paragraph 114  
13 otherwise states legal conclusions to which no response is required.

14           115. The Individual Defendants lack knowledge and information sufficient to form a  
15 belief as to the allegations in Paragraph 115, and on that basis denies them.

16           116. The Individual Defendants lack knowledge and information sufficient to form a  
17 belief as to the allegations in Paragraph 116, and on that basis denies them.

18           117. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
19 on November 5, 2010 which speaks for itself as to its contents. The Individual Defendants deny  
20 that the original document contains bolded or italicized text as indicated in Paragraph 117.  
21 Paragraph 117 otherwise states legal conclusions to which no response is required. To the extent a  
22 response is required, the Individual Defendants deny the allegations in Paragraph 117.

23           118. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
24 on November 5, 2010 which speaks for itself as to its contents. The Individual Defendants deny the  
25 original document contains bolded or italicized text as indicated in Paragraph 118 with the  
26 exception of the text appearing at 55:22-25. Paragraph 118 otherwise states legal conclusions to  
27 which no response is required. To the extent a response is required, the Individual Defendants deny  
28 the allegations in Paragraph 118.

1           119. The Individual Defendants admit that an individual purporting to be John Liu sent a  
2 letter dated November 9, 2010 to Wells Fargo's Corporate Secretary which speaks for itself as to its  
3 contents.

4           120. The Individual Defendants admit that an individual purported to be John Liu sent a  
5 letter dated November 9, 2010 to Wells Fargo's Corporate Secretary which speaks for itself as to its  
6 contents. The Individual Defendants deny the original document contains bolded or italicized text  
7 as indicated in Paragraph 120. The Individual Defendants otherwise deny the allegations in  
8 Paragraph 120.

9           121. The Individual Defendants admit that an individual purporting to act on behalf of the  
10 AFL-CIO sent a letter dated November 10, 2010 to Wells Fargo's Corporate Secretary which  
11 speaks for itself as to its contents. The Individual Defendants deny the original document contains  
12 bolded or italicized text as indicated in Paragraph 121. The Individual Defendants otherwise lack  
13 knowledge and information sufficient to form a belief as to the allegations in Paragraph 121, and on  
14 that basis deny them.

15           122. The Individual Defendants admit that an individual purporting to act on behalf of the  
16 AFL-CIO sent a letter dated November 19, 2010 to Wells Fargo's Corporate Secretary which  
17 speaks for itself as to its contents. The Individual Defendants deny the original document contains  
18 bolded or italicized text as indicated in Paragraph 122. The Individual Defendants otherwise deny  
19 the allegations in Paragraph 122.

20           123. The Individual Defendants admit the Charlotte Observer published an article entitled  
21 "N.C. AG questions Wells Fargo foreclosure practices" on November 20, 2010 which speaks for  
22 itself as to its contents. The Individual Defendants deny the original document contains bolded or  
23 italicized text as indicated in Paragraph 123. The Individual Defendants otherwise deny the  
24 allegations in Paragraph 123.

25           124. The Individual Defendants admit Senator Sherrod Brown made a statement to the  
26 Senate Committee on Banking, Housing, and Urban Affairs at a hearing on November 16, 2010  
27 which speaks for itself as to its contents. The Individual Defendants otherwise deny the allegations  
28 in Paragraph 124.



1 125. Denied.

2 126. Denied.

3 127. The Individual Defendants admit that Elizabeth Duke made a statement before the  
4 Subcommittee on Housing and Community Opportunity on November 18, 2010 which speaks for  
5 itself as to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 127.

6 128. The Individual Defendants admit that Phyllis Caldwell made a statement before the  
7 Subcommittee on Housing and Community Opportunity on November 18, 2010 which speaks for  
8 itself as to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 128.

9 129. The Individual Defendants admit that David Stevens made a statement before the  
10 Subcommittee on Housing and Community Opportunity on November 18, 2010 which speaks for  
11 itself as to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 129.

12 130. The Individual Defendants admit that Adam Levitin made a statement before the  
13 Subcommittee on Housing and Community Opportunity on November 18, 2010 which speaks for  
14 itself as to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 130.

15 131. The Individual Defendants admit that certain litigation exists the contents of which  
16 speak for itself.

17 132. The Individual Defendants admit that certain litigation exists the contents of which  
18 speak for itself.

19 133. The Individual Defendants admit that certain litigation exists the contents of which  
20 speak for itself.

21 134. The Individual Defendants admit that the New Jersey courts issued a press release on  
22 December 20, 2010 entitled "New Jersey Courts Take Steps to Ensure Integrity of Residential  
23 Mortgage Foreclosure Process," the contents of which speaks for itself. The Individual Defendants  
24 further admit this press release references an administrative order in *In the Matter of Residential*  
25 *Mortgage Foreclosure Pleading and Document Irregularities*, the contents of which speak for  
26 itself.

27 135. The Individual Defendants admit that certain litigation exists the contents of which  
28 speak for itself.

1           136. The Individual Defendants admit that certain litigation exists the contents of which  
2 speak for itself.

3           137. The Individual Defendants admit that a person purporting to be New York City  
4 Controller Liu sent a letter dated January 6, 2011 to the Chairman of the Audit Committee of the  
5 Board of Directors which speaks for itself as to its contents. The Individual Defendants otherwise  
6 deny the allegations in Paragraph 137.

7           138. The Individual Defendants admit that a person purporting to be New York City  
8 Controller Liu sent a letter dated January 6, 2011 to the Chairman of the Audit Committee of the  
9 Board of Directors which speaks for itself as to its contents. The Individual Defendants otherwise  
10 deny the allegations in Paragraph 138.

11           139. The Individual Defendants admit that a person purporting to be New York City  
12 Controller Liu sent a letter dated January 6, 2011 to the Chairman of the Audit Committee of the  
13 Board of Directors which speaks for itself as to its contents. The Individual Defendants otherwise  
14 deny the allegations in Paragraph 139.

15           140. The Individual Defendants admit the New York City Comptroller issued a press  
16 release entitled “\$432 Billion Pension Fund Coalition Demands Bank Directors Immediately  
17 Examine Foreclosure Practices” on January 9, 2011 which speaks for itself as to its contents. The  
18 Individual Defendants deny the original document contains bolded or italicized text as indicated in  
19 Paragraph 140, and otherwise deny the allegations of Paragraph 140.

20           141. The Individual Defendants admit the New York City Comptroller issued a press  
21 release entitled “\$432 Billion Pension Fund Coalition Demands Bank Directors Immediately  
22 Examine Foreclosure Practices” on January 9, 2011 which speaks for itself as to its contents. The  
23 Individual Defendants deny the original document contains bolded or italicized text as indicated in  
24 Paragraph 141., and otherwise deny the allegations of Paragraph 141.

25           142. The Individual Defendants admit that Wells Fargo issued a press release dated  
26 January 19, 2011 entitled “Wells Fargo Reports Quarterly and Full Year Net Income; Q4 Net  
27 Income of \$3.4 billion; Q4 Revenue of \$21.5 billion” which speaks for itself as to its contents. The  
28 Individual Defendants otherwise deny the allegations in Paragraph 142.

1           143. The Individual Defendants admit that Messrs. Stumpf and Atkins participated in a  
2 call with analysts on January 19, 2011 to discuss Wells Fargo's earnings for the fourth quarter of  
3 2010 and that the transcript of such call speaks for itself as to its contents. The Individual  
4 Defendants otherwise deny the allegations in Paragraph 143.

5           144. The Individual Defendants admit that Wells Fargo filed a Form 10-K with the SEC  
6 February 28, 2011 which speaks for itself as to its contents. Paragraph 144 otherwise states legal  
7 conclusions to which no response is required. To the extent a response is required, the Individual  
8 Defendants deny the allegations in Paragraph 144.

9           145. The Individual Defendants admit that Wells Fargo filed a Form 10-K with the SEC  
10 February 28, 2011 which speaks for itself as to its contents. The Individual Defendants otherwise  
11 deny the allegations in Paragraph 145.

12           146. Denied.

13           147. The Individual Defendants admit that Wells Fargo filed a Form 10-K with the SEC  
14 February 28, 2011 which speaks for itself as to its contents. The Individual Defendants deny the  
15 original document contains bolded or italicized text as indicated in Paragraph 147. Paragraph 147  
16 otherwise states legal conclusions to which no response is required.

17           148. The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
18 SEC on March 21, 2011 which speaks for itself as to its contents. The Individual Defendants deny  
19 the original document contains bolded or italicized text as indicated in Paragraph 148 and otherwise  
20 deny the allegations in Paragraph 148.

21           149. The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
22 SEC on March 21, 2011 which speaks for itself as to its contents. The Individual Defendants deny  
23 the original document contains bolded or italicized text as indicated in Paragraph 149 and otherwise  
24 deny the allegations in Paragraph 149.

25           150. Denied

26           151. The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
27 SEC on March 21, 2011 which speaks for itself as to its contents. The Individual Defendants  
28 otherwise deny the allegations in Paragraph 151.

1           152. The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
2 SEC on March 21, 2011 which speaks for itself as to its contents. The Individual Defendants  
3 otherwise deny the allegations in Paragraph 152.

4           153. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
5 the Comptroller of Currency of the United States of America on March 31, 2011 which speaks for  
6 itself as to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 153.

7           154. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
8 the Board of Governors of the Federal Reserve System on April 13, 2011 which speaks for itself as  
9 to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 154.

10          155. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
11 the Comptroller of Currency of the United States of America on March 31, 2011 which speaks for  
12 itself as to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 155.

13          156. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
14 the Comptroller of Currency of the United States of America on March 31, 2011, and a Consent  
15 Order with the Board of Governors of the Federal Reserve System on April 13, 2011 which speak  
16 for themselves as to their contents. The Individual Defendants otherwise deny the allegations in  
17 Paragraph 156.

18          157. The Individual Defendants lack knowledge and information sufficient to form a  
19 belief as to the allegations in Paragraph 157, and on that basis deny them.

20          158. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
21 the Comptroller of Currency of the United States of America on March 31, 2011, and a Consent  
22 Order with the Board of Governors of the Federal Reserve System on April 13, 2011 which speak  
23 for themselves as to their contents. The Individual Defendants otherwise deny the allegations in  
24 Paragraph 158.

25          159. Denied.

26          160. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
27 the Board of Governors of the Federal Reserve System on April 13, 2011 which speaks for itself as  
28 to its contents. The Individual Defendants otherwise deny the allegations in Paragraph 160.

1           161. The Individual Defendants admit that Wells Fargo entered into a Consent Order with  
2 the Comptroller of Currency of the United States of America on March 31, 2011, and a Consent  
3 Order with the Board of Governors of the Federal Reserve System on April 13, 2011 which speak  
4 for themselves as to their contents. The Individual Defendants otherwise deny the allegations in  
5 Paragraph 161.

6           162. The Individual Defendants lack knowledge and information sufficient to form a  
7 belief as to the allegations in Paragraph 162, and on that basis denies them.

8           163. The Individual Defendants lack knowledge and information sufficient to form a  
9 belief as to the allegations in Paragraph 163, and on that basis denies them.

10          164. The Individual Defendants admit that Wells Fargo filed its Form 10-Q for 1Q11 on  
11 May 5, 2011 which speaks for itself as to its contents. The Individual Defendants otherwise deny  
12 the allegations in Paragraph 164.

13          165. Denied.

14          166. Denied.

15          167. The Individual Defendants admit the Los Angeles Times published an article entitled  
16 “Scrutiny of home seizures grows” on May 26, 2011 which speaks for itself as to its contents. The  
17 Individual Defendants deny the original document contains bolded or italicized text as indicated in  
18 Paragraph 167. The Individual Defendants otherwise deny the allegations in Paragraph 167.

19          168. The Individual Defendants admit Mortgaging Servicing News published an article  
20 entitled “A Win for Embattled MERS and the Banks That Use It” on June 1, 2011 which speaks for  
21 itself as to its contents. The Individual Defendants deny the original document contains bolded or  
22 italicized text as indicated in Paragraph 168. The Individual Defendants otherwise deny the  
23 allegations in Paragraph 168.

24          169. The Individual Defendants admit the Huffington Post published an article entitled  
25 “As Government Nears Accord With Banks, Questions Swirl Over Scope Of Investigation” on July  
26 11, 2011 which speaks for itself as to its contents. The Individual Defendants deny the original  
27 document contains bolded or italicized text as indicated in Paragraph 169. The Individual  
28 Defendants otherwise deny the allegations in Paragraph 169.

1           170. The Individual Defendants admit the Huffington Post published an article entitled  
2 “As Government Nears Accord With Banks, Questions Swirl Over Scope Of Investigation” on July  
3 11, 2011 which speaks for itself as to its contents. The Individual Defendants deny the original  
4 document contains bolded or italicized text as indicated in Paragraph 170. The Individual  
5 Defendants otherwise deny the allegations in Paragraph 170.

6           171. The Individual Defendants admit the Huffington Post published an article entitled  
7 “Elizabeth Warren: Government Hasn’t Sufficiently Probed Foreclosure Abuses” on July 15, 2011  
8 which speaks for itself as to its contents. The Individual Defendants deny the original document  
9 contains bolded or italicized text as indicated in Paragraph 171. The Individual Defendants  
10 otherwise deny the allegations in Paragraph 171.

11           172. The Individual Defendants admit that Reuters published an article entitled “Special  
12 report: Banks continue robo-signing” on July 18, 2011 which speaks for itself as to its contents.  
13 The Individual Defendants deny the original document contains bolded or italicized text as  
14 indicated in Paragraph 172. The Individual Defendants otherwise deny the allegations in Paragraph  
15 172.

16           173. The Individual Defendants admit that the Associated Press published an article  
17 entitled “Lawmakers call for hearings on robo-signing” on July 19, 2011 which speaks for itself as  
18 to its contents. The Individual Defendants deny the original document contains bolded or italicized  
19 text as indicated in Paragraph 173. The Individual Defendants otherwise deny the allegations in  
20 Paragraph 173.

21           174. The Individual Defendants admit that Wells Fargo entered into an “Order to Cease  
22 and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent” on July 20,  
23 2011 which speaks for itself as to its contents. The Individual Defendants deny the original  
24 document contains bolded or italicized text as indicated in Paragraph 174.

25           175. The Individual Defendants admit that Wells Fargo entered into an “Order to Cease  
26 and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent” on July 20,  
27 2011 which speaks for itself as to its contents. The Individual Defendants deny the original  
28 document contains bolded or italicized text as indicated in Paragraph 175.

1           176. The Individual Defendants admit that Reuters published an article entitled  
2 “Exclusive: Facing criticism, MERS cuts role in foreclosures,” which speaks for itself as to  
3 content. The Individual Defendants deny the original document contains bolded or italicized text as  
4 indicated in Paragraph 176. The Individual Defendants otherwise deny the allegations in Paragraph  
5 176.

6           177. The Individual Defendants admit that Wells Fargo filed a Form 10-Q with the SEC  
7 on August 5, 2011 which speaks for itself as to its contents. The Individual Defendants otherwise  
8 deny the allegations of Paragraph 177.

9           178. Paragraph 178 states legal conclusions to which no response is required. To the  
10 extent a response is required, the Individual Defendants deny all allegations in Paragraph 178.

11           179. Paragraph 179 states legal conclusions to which no response is required. To the  
12 extent a response is required, the Individual Defendants deny all allegations in Paragraph 179.

13           180. Paragraph 180 states legal conclusions to which no response is required. To the  
14 extent a response is required, the Individual Defendants deny all allegations in Paragraph 180.

15           181. Paragraph 181 states legal conclusions to which no response is required. To the  
16 extent a response is required, the Individual Defendants deny all allegations in Paragraph 181.

17           182. Paragraph 182 states legal conclusions to which no response is required. To the  
18 extent a response is required, the Individual Defendants deny all the allegations in Paragraph 182.

19           183. Paragraph 183 states legal conclusions to which no response is required. To the  
20 extent a response is required, the Individual Defendants deny all the allegations in Paragraph 183.

21           184. Denied.

22           185. The Individual Defendants admit that Plaintiff did not make a pre-suit demand on  
23 the Wells Fargo Board of Directors. The Individual Defendants otherwise deny the allegations of  
24 Paragraph 185.

25           186. The Individual Defendants admit that Wells Fargo filed a Proxy Statement with the  
26 SEC on March 20, 2011, that Wells Fargo has an Audit and Examination Committee Charter and a  
27 Corporate Responsibility Committee Charter which all speak for themselves as to their contents.  
28 The Individual Defendants otherwise deny the allegations of Paragraph 186.

1           187. The Individual Defendants admit that Judge Alsup issued an order on August 10,  
2 2010 in *Gutierrez v. Wells Fargo Bank, N.A.*, 730 F. Supp. 2d 1080 (N.D. Cal. 2010) which speaks  
3 for itself as to its contents. The Individual Defendants otherwise deny the allegations of Paragraph  
4 187.

5           188. The Individual Defendants admit that Judge Alsup issued an order on August 10,  
6 2010 in *Gutierrez v. Wells Fargo Bank, N.A.*, 730 F. Supp. 2d 1080 (N.D. Cal. 2010) which speaks  
7 for itself as to its contents. The Individual Defendants otherwise deny the allegations of Paragraph  
8 188.

9           189. The Individual Defendants admit that Judge Alsup issued an order on August 10,  
10 2010 in *Gutierrez v. Wells Fargo Bank, N.A.*, 730 F. Supp. 2d 1080 (N.D. Cal. 2010) which speaks  
11 for itself as to its contents. The Individual Defendants otherwise deny the allegations of Paragraph  
12 189.

13           190. The Individual Defendants admit that Wells Fargo entered into an “Order to Cease  
14 and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent” on July 20,  
15 2011 which speaks for itself as to its contents. The Individual Defendants deny the original  
16 document contains bolded or italicized text as indicated in Paragraph 190. Paragraph 190 also  
17 states legal conclusions to which no response is required. To the extent that a response is required,  
18 the Individual Defendants deny the allegations of Paragraph 190.

19           191. The Individual Defendants incorporate their responses to paragraphs 1-190 above.

20           192. Paragraph 192 states legal conclusions to which no response is required. To the  
21 extent a response is required, the Individual Defendants deny the allegations in Paragraph 192.

22           193. Denied.

23           194. Denied.

24           195. Denied.

#### 25                           **PRAYER FOR RELIEF**

26           The Individual Defendants deny that Plaintiffs are entitled to any relief.

#### 27                           **JURY DEMAND**

28           The Individual Defendants deny that Plaintiffs are entitled to a trial by jury.



**AFFIRMATIVE DEFENSES<sup>1</sup>**

**FIRST AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part for failure to state a claim upon which relief can be granted against the Individual Defendants.

**SECOND AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part because Plaintiffs lack standing.

**THIRD AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part for lack of subject matter jurisdiction.

**FOURTH AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part by the applicable statute(s) of limitation.

**FIFTH AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part because Plaintiffs failed to make demand on Wells Fargo's Board of Directors to initiate this action.

**SIXTH AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part because Plaintiffs have not maintained continuous ownership of Wells Fargo stock from the time of the actions complained of in the Amended Complaint to date.

**SEVENTH AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part because the Individual Defendants are exculpated from monetary liability under Wells Fargo's Certificate of Incorporation pursuant to Section 102(b)(7) of the Delaware General Corporation Law.

**EIGHTH AFFIRMATIVE DEFENSE**

Plaintiffs' claims are barred in whole or in part because the Individual Defendants relied in good faith on upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by the corporation's officers or employees, committees of

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<sup>1</sup> The Individual Defendants assert the following affirmative defenses without admitting or conceding that all of the affirmative defenses listed below are affirmative defenses for which they carry the burden of proof.

1 the board of directors, and other individuals pursuant to Section 141(e) of the Delaware General  
2 Corporate law.

3 **NINTH AFFIRMATIVE DEFENSE**

4 Plaintiffs' claims are barred in whole or in part because the Individual Defendants' alleged  
5 actions are protected by the business judgment rule.

6 **TENTH AFFIRMATIVE DEFENSE**

7 Plaintiffs' claims are barred in whole or in part because the Individual Defendants did not  
8 breach any fiduciary or contractual duty owed to Wells Fargo or to Plaintiffs.

9 **ELEVENTH AFFIRMATIVE DEFENSE**

10 Plaintiffs' claims are barred in whole or in part because neither Plaintiffs nor Wells Fargo  
11 have suffered any damages.

12 **TWELFTH AFFIRMATIVE DEFENSE**

13 Plaintiffs' monetary recovery, if any, must be reduced by the valuable benefits conferred by  
14 Wells Fargo on Plaintiffs through the actions alleged in the Amended Complaint and any costs to  
15 Wells Fargo incurred as a result of those actions.

16 **THIRTEENTH AFFIRMATIVE DEFENSE**

17 Plaintiffs' claims are barred in whole or in part by the equitable doctrine of waiver and  
18 estoppel.

19 **FOURTEENTH AFFIRMATIVE DEFENSE**

20 Plaintiffs' claims are barred in whole or in part by the equitable doctrine of laches and  
21 unclean hands.

22 **FIFTEENTH AFFIRMATIVE DEFENSE**

23 Plaintiffs have failed to allege their causes of action with sufficient particularity to enable  
24 Wells Fargo to raise all appropriate defenses and, therefore, it reserves the right to add additional  
25 defenses as the factual basis for each defense becomes known.

**SIXTEENTH AFFIRMATIVE DEFENSE**

The Individual Defendants hereby gives notice that they intend to rely upon any other defense that may become available or appear during the discovery proceedings in this case and hereby reserves the right to amend its Answer to assert any such defenses.

WHEREFORE, the Individual Defendants pray that the Court enter Judgment as follows:

1. That the Amended Complaint be dismissed with prejudice and that Plaintiff take nothing thereby;
2. That Judgment be entered on the Amended Complaint in favor of the Individual Defendants;
3. That the Individual Defendants be awarded their costs and reasonable attorneys' fees; and
4. That the Individual Defendants be awarded such other relief as the Court deems just, necessary, or proper.

DATED: April 16, 2012

ARNOLD & PORTER LLP  
GILBERT R. SEROTA  
SARAH A. GOOD  
MARC PRICE WOLF  
JOHN T. YOW

By: /s/Gilbert R. Serota  
GILBERT R. SEROTA

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